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SUBJECT: SLOW CUSTOMS AND POOR INFRASTRUCTURE HURT DRC PORT

REF: 07 KINSHASA 339

¶1. (SBU) Summary. As part of the effort to increase government revenues, the GDRC has contracted with BIVAC to manage customs inspection and collection. Combined with the poor state of Matadi port facilities and the lack of transportation infrastructure between Matadi and Kinshasa, the slower customs process has exacerbated an already significant problem with a backlog of containers at the port. DRC businesses that rely on importing containers through Matadi are facing significant slowdowns and increased costs due to the recent changes. End summary.

BIVAC Adds to the Problem

¶2. (SBU) The DRC Office of Customs and Excise Duties (OFIDA) initiated a requirement as of January 1 for all imported containers to submit to a Bureau Veritas/ BIVAC International inspection, in conjunction with the Congolese Office of Control (OCC, the GDRC equivalent of the Food and Drug Administration). The GDRC implemented the measure for quality control purposes and to increase revenues from import duties. Economic operators in the DRC must now allow BIVAC to inspect all containers, verify the quantity and quality of goods, and collect duties based on BIVAC's stated value of the goods before taking possession. (Note: BIVAC/OCC charges 1.5 percent of declared value to inspect the imported goods, down from 3.0 percent in the past. End note.)

¶3. (SBU) Business-owners in Kinshasa told EconOff that they are experiencing longer delays and rising costs as a result of the change. Some importers said that BIVAC assesses the value of goods higher than their actual value, and does not take into account actual purchase price. BIVAC is also said to be taking samples from containers and then not returning them, an unnecessary practice that drives up costs for importers.

¶4. (SBU) Officials from the National Transport Office (ONATRA), which functions as the port authority in the DRC, told EconOff during an April 8 visit to Matadi (septel) that BIVAC is opening and inspecting all containers, even if they are sealed and already carry a BIVAC certification from its port of origin. (Note: BIVAC normally is supposed to inspect containers prior to shipping from overseas locations. End note.) Some ONATRA officials agreed that this seems like an effort to increase both BIVAC and GDRC revenues, albeit an unnecessary practice according to customs laws.

¶5. (SBU) ONATRA officials also said a container scanner was scheduled for delivery on April 12, and would be added to the process in some cases. (Note: The use of a scanner, if it does not replace a BIVAC inspection, would be redundant and would add to the delays. End note.)

Rehabilitation, New Port, or Both?

16. (SBU) The BIVAC process is contributing to a significant container backlog that already existed. The port of Matadi only has four of its ten piers in operation, and only one land-based crane that is still working. There is no separate area at the crowded port for unstuffing the containers, and large logs floated down the Congo River and then trucked to Matadi for export occupy up to a third of the available space.

17. (SBU) The GDRC Minister of Transportation and Communication, Charles Mwando Nsimba, visited the port of Matadi on February 15 and 16 to assess the extent of the backlog. Nsimba called for the rehabilitation of the Anglo-Ango port in Matadi and the Kenge port, located 17 miles downriver from Matadi. The Minister of Economy and Trade, Philippe Andre Futa, said on February 28 that the DRC was in talks with investors to raise USD 58 million for the construction of a new port. Futa said the port of Matadi is not functioning properly and that a new one was needed to alleviate the congestion.

Lack of Roads and Trains

18. (SBU) Poor infrastructure has been at the core of Matadi's problems for years. ONATRA currently has only two locomotive engines to transport containers by rail up to Kinshasa, and they frequently encounter breakdowns and derailments. (Note: this is the same railway created at the end of the 19th Century by Henry Morton Stanley, made necessary by the fact that the Congo River between Kinshasa and just above Matadi is a series of steep rapids. End note.) The Ministry of Transportation and Communication does not have the funds necessary to rehabilitate the railway or purchase new

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locomotives. The two-lane road from Matadi to Kinshasa is repaired almost every dry season, but the rainy season ruins the road and adds hours to the 350 kilometer (220 mile) trip. A recent truckdrivers' strike stopped traffic on the road for almost a week.

19. (SBU) Comment: Long delays in delivery due to conditions at Matadi port and of the road and rail connection to Kinshasa prevent businesses in the DRC from receiving much-needed raw materials for their factories. Some companies may be forced to downsize as a result of decreased production and slower business. These delays are also contributing to rising food prices in the DRC, a problem that will likely get worse in the near future. The slowness of the BIVAC process is actually having an unintended adverse effect on revenue collection in the GDRC because of the reduced number of containers processed. The GDRC needs to stop the practice of taking samples, and accelerate BIVAC operations. One businessman at the recent Ambassador's Business Roundtable suggested that BIVAC inspections done outside of the DRC cost the current 1.5 percent, while those conducted upon arrival, if necessary, be charged at 3.0 percent of determined value. Finally, the GDRC needs to come up with adequate funding for much-needed infrastructural improvements if the DRC is to see any relief in the backlog at Matadi. End Comment.

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